
DATE: June 24, 2003

SUBJECT: Medicare “waiver” for small providers billing on paper

The Administrative Simplification Compliance Act or ASCA includes a provision that states, effective October 16, 2003, Medicare may not pay claims submitted on paper, with certain exceptions. One of the major exceptions is for claims submitted by “a small provider of services or supplier.” The term “small provider of services or supplier” is defined to mean:

- a provider of services with fewer than 25 full-time equivalent employees, and
 - a physician, practitioner, facility, or supplier (other than provider of services) with fewer than 10 full-time equivalent employees.
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- The term “provider of services” is defined for Medicare by § 1861(u) of the Social Security Act to include seven specific types of institutional or special purpose providers. This term generally describes hospitals, nursing facilities and other institutional providers that are paid through Medicare fiscal intermediaries. The terms found in the phrase “physician, practitioner, facility or supplier” are used to describe entities that furnish Medicare services described in § 1861(s) of the Act, and are generally paid through Medicare carriers.

There will also be other limited exceptions. Regulations clarifying the exceptions are expected to be published soon.

If you believe that you meet the small provider exception, there is not a “waiver” for you to apply for at this time. Just continue to bill via paper. We will provide further instructions on changes to this waiver process after the regulations have been published.

If you are not a small provider, we recommend that you prepare to bill Medicare electronically using the appropriate HIPAA transactions.